KITTITAS COUNTY
FINANCE STUDY SESSION MINUTES
BOCC CONFERENCE ROOM, 205 WEST 5TH ROOM 108 - ELLENSBURG
Regular Meeting

THURSDAY	1:30 PM	June 18, 2026

Board members present: Cory Wright and Laura Osiadacz

Others: Zack Dehaven, Charlie Smith, Stephanie Mifflin, Chad Bala, Darren Higashiyama, Lisa Murray, Heidi Behrends Cerniwey

Citizen: Pat Keller

Meeting called order at 1:30pm

Citizen Comment: Pat Kelleher via email

The Fieldhouse was never identified in the 2026 Budget as a funding priority. To now shift $1,000,000 toward a project that has been discussed for years, is not included in the City's Comprehensive Plan Capital Facilities Plan and has very little nexus to residents of Kittitas County is interesting to observe.

My concern is that County funding would support a lease arrangement that the County is not, and should not be, a party to.

If the Fieldhouse becomes operational, it is likely to require ongoing public subsidies. User fees will never cover 50 percent of operating costs once all direct and indirect expenses are accounted for.

I support public recreation and would like to see Kittitas County take a larger role in capital funding for recreation facilities while avoiding becoming a recreation provider. We already have many recreation providers in the county, including GPUD, BLM, WDFW, DNR, State Parks, cities, and other agencies.

As an example, Kittitas County could provide a yearly capital contribution of $300,000 to $500,000 to support the Kittitas Valley Memorial Pool, a recreational facility with a broad countywide history of use and benefit.

Regarding City funding for the Grandstands, this issue should have been discussed and planned at the beginning of the project, not addressed through crisis funding at the end. There is no crisis. The County has more than $16 million in unrestricted General Fund reserves, along with additional millions in other County funds.

Pay the bill and move on.

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The CDS budget discussion is also interesting. Four positions are being eliminated from a single department. CDS may require downsizing, but the larger concern should be total County payroll, not just one department.

A County-wide hiring freeze should be implemented, with any exceptions requiring specific BOCC approval. As positions become vacant through retirement, resignation, or transfer, workload balancing opportunities should be reviewed before hiring replacements. Cost-of-living adjustments, where not contractually required, should also be considered for suspension.

Department-specific payroll reductions are the wrong approach when the challenge is County-wide spending. The solution should be a comprehensive review of personnel costs across all departments.

Old SAR Building on Leased BNSF Land (Discussion/Decision)

Darren Higashiyama from the Sheriff's office reported a significant increase in the lease payment for the former Search and Rescue (SAR) facility leased from BNSF Railway Company. The annual lease rate will increase from $1,242.83 to $14,250 effective September 1, 2026, with a prorated charge of $10,971.48 for the remainder of the current lease year. Staff recommended that the Facilities Department develop a plan to vacate the leased property and return with options for Board consideration. The legal department will be contacted.

Ellensburg Fieldhouse Funding-Interlocal Agreement (Discussion/Decision)

Zack DeHaven presented an Interlocal Agreement proposing a $1,000,000 allocation of REET II funds to support the City of Ellensburg Fieldhouse project. The contribution would assist with project construction and financing costs and be distributed as needed throughout the project. The proposed funding would come from available REET II funds without impacting the County General Fund. Discussion focused on the project financing structure and the County's role in supporting the development of a community asset.

Commissioner Laura Osiadacz makes a motion to approve and sign the Interlocal Agreement to allocate $1,000,000 from Reet II funds to support the construction of the Ellensburg Fieldhouse project. Chairman Cory Wright seconded the motion and the motion passed.

Rodeo Grandstands Project update and Interlocal Agreement (Discussion/Decision)

Zack DeHaven updated the board that due to changes still taking place with the Interlocal Agreement with the City of Ellensburg for a $500,000 Lodging Tax contribution the review would be postponed to a later meeting. He explained that construction costs exceeded original funding estimates due to change orders, market conditions, sales tax, and the compressed schedule required to complete the project before the annual rodeo. The remaining funding shortfall is estimated at approximately $600,000. Staff recommended using REET funds to cover the shortfall, citing the project's capital nature and available REET fund balance, while preserving unrestricted ARPA interest earnings for future County needs. Time was identified as the limiting resource for this project. Because the completion deadline was fixed by Rodeo Weekend, extending the schedule was not a viable option. As a result, additional funding is required to ensure timely completion of the project. Commissioners recommend using REET funds.

Sheriff Administrative Building Back Up Generator (Discussion)

Charlie Smith reviewed a proposal from Hultz BHU Engineers to develop plans and bid documents for replacement of the Sheriff's Office backup generator system at a cost of $32,990. An assessment found the existing generators and propane tank are at the end of their useful life and do not provide backup power to several critical systems. The proposed project would improve emergency power capabilities and reliability, with total project costs estimated at approximately $200,000, including engineering and construction. Commissioners recommend moving forward but also asking the Sheriff's office to find more funding.

Sales Tax Update (Discussion)

Zack DeHaven reviewed year-to-date sales tax and REET revenue trends, noting early 2026 collections show softness compared to 2025. Local retail sales tax is down approximately 6.2% and REET is down about 9.6% year-over-year, while some distributed sales tax categories show modest growth of 1.9%–2.9%, indicating mixed economic activity across jurisdictions. He noted that unincorporated sales tax weakness may be tied to reduced construction and permit activity, and emphasized that collections are still early in the fiscal year due to reporting lag. Preliminary projections suggest year-end sales tax revenue may fall below the 2026 budget and prior-year actuals, with revenues also not keeping pace with inflation, creating ongoing budgetary pressure.

CDS Budget Outlook (Discussion/Decision)

Chad Bala (Community Development Services) and Zack DeHaven reviewed a proposed voluntary separation program as one component of the department's strategy to address ongoing structural budget deficits. Community Development Services is currently operating with an estimated annual funding gap of approximately $720,000–$960,000, with reserves declining by an estimated $60,000–$80,000 per month.

Staff recommended offering a voluntary separation incentive, including two months of severance, to employees in positions identified as part of the department's long-term organizational restructuring. Should eligible employees choose not to participate, the positions affected are planned to be eliminated through the 2027 organizational transition. This approach is intended to provide impacted employees with an opportunity to make a voluntary decision while reducing the need for involuntary layoffs and supporting a more orderly transition.

The proposed organizational changes are designed to achieve a minimum reduction of four full-time equivalent (FTE) positions by January 1, 2027, reduce reliance on reserves, and align staffing levels with sustainable long-term revenues. A limited General Fund subsidy of up to $300,000 in 2026 may be necessary to support the transition, with any future assistance dependent upon revenue performance and the successful implementation of the staffing plan.

Both Chairman Cory Wright and Commissioner Laura supported the recommendation and directed staff to move forward with both phases of the plan.

CLOSED SESSION – RCW 42.30.140(4)(B) - The OPMA does not apply to that portion of a meeting during which the governing body is planning or adopting the strategy or position to be taken by the governing body during the course of any collective bargaining negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress.

The Board entered closed session to discuss collective bargaining. The Board exited closed session with no action taken.

OTHER BUSINESS- None

Meeting adjourned at 2:19pm

KITTITAS COUNTY COMMISSIONERS
KITTITAS COUNTY, WASHINGTON

Sue Patterson

Sue Patterson

Cory Wright, Chairman